Agreement between India and China in Banking Sector

895. SHRI BHAGABAN MAJHI : Will the Minister of FINANCE be pleased to state :

(a) whether the Co-operation has been established between India and China in the field of banking;

(b) whether any agreement has been signed between the countries for the purpose; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V.CHANDRASHEKARA MURTHY): (a) *to* (c) Reserve Bank of India (RBI) has intimated that Memorandum of Understanding (MOU) on Banking Cooperation has been signed by RBI with the People's Bank of China on 22nd October, 1994. Both the Central Bank of India and China have reached an understanding that SBI and other major Indian banks shall strengthen correspondent banking arrangements with Chinese banks operating in China and outside India for handling trade and economic relations in accordance with the regulations of both the countries. Both banks shall also consider favourably the opening of representatives offices by banks from the other country subject to current regulation existing in each country.

Performance of Commercial Banks

896. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Banks of India (RBI) have taken steps to reduce the amount of overdues and improve the recovery performance of the commercial banks in respect of their advances to various sectors;

(b) if so, the details thereof and the outcome thereof;

(c) the details of the top ten defaulters of repayment of loans indicating the amount of loans outstanding against each one of them; bank-wise;

(d) since when these loans are outstanding; and

(e) the reasons for the concerned banks to have failed to realise their dues from these defaulters?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V.CHANDRASHEKARA MURTHY): *(a) and (b)* Reserve Bank of India (RBI) have taken various steps to reduce the amount of overdues and to improve the recovery performances of the commercial banks in respect of their advances to various sectors. The effective performance in this regard is looked into by RBI primarily during the inspection carried out at periodic intervals. The non-performing assets of commercial banks commented in the inspection reports is closely monitored emphasising, among others, the need for better recovery performance during the time of discussion with the Chairman & Managing Director of the concerned banks. In addition, RBI has also prescribed prudential norms regarding capital adequacy, income recognition, assets classification and provisioning, so as to improve the asset quality of banks, provision of clause regarding the need to set up a Recovery Cell at Head Office in the Memorandum of Understanding (MOU) signed by the banks, setting up recovery tribunals etc.

(c) and (d) In accordance with the statutes governing the nationalised banks and in keeping with the practices and usages customary amongst the bankers, information relating to the affairs of their constituents is not disclosed.

(e) Some of the reasons generally responsible for turning advances into non-performing assets as follows:—